

Extra-Territorial Protection of Unregistered Trademarks against Pre-Emptive Registrations ——From Chinese and Comparative Perspectives

反惡意搶注：未注冊商標的保護
——以中國及國際比較的視角

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Professional background

- Doctor of Juridical Science
- Shenzhen Overseas High-Level Talent
- Partner, Sincere Partners & Attorneys
- Mediator, Shenzhen Nanshan People's Court
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- Member, Belt and Road International Professional Committee of Shenzhen Lawyers Association
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- Legal Counsel, Hong Kong General Chamber of Cross-Border E-Commerce

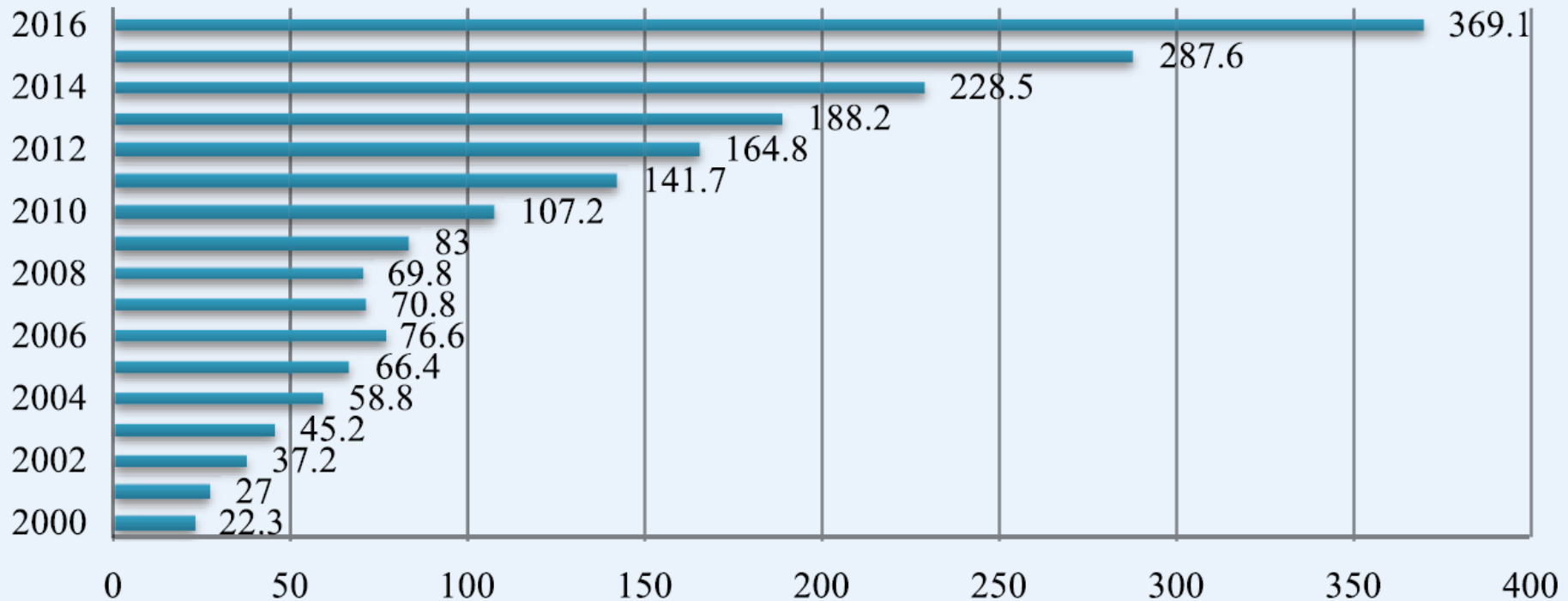


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Chinese trademark registration system

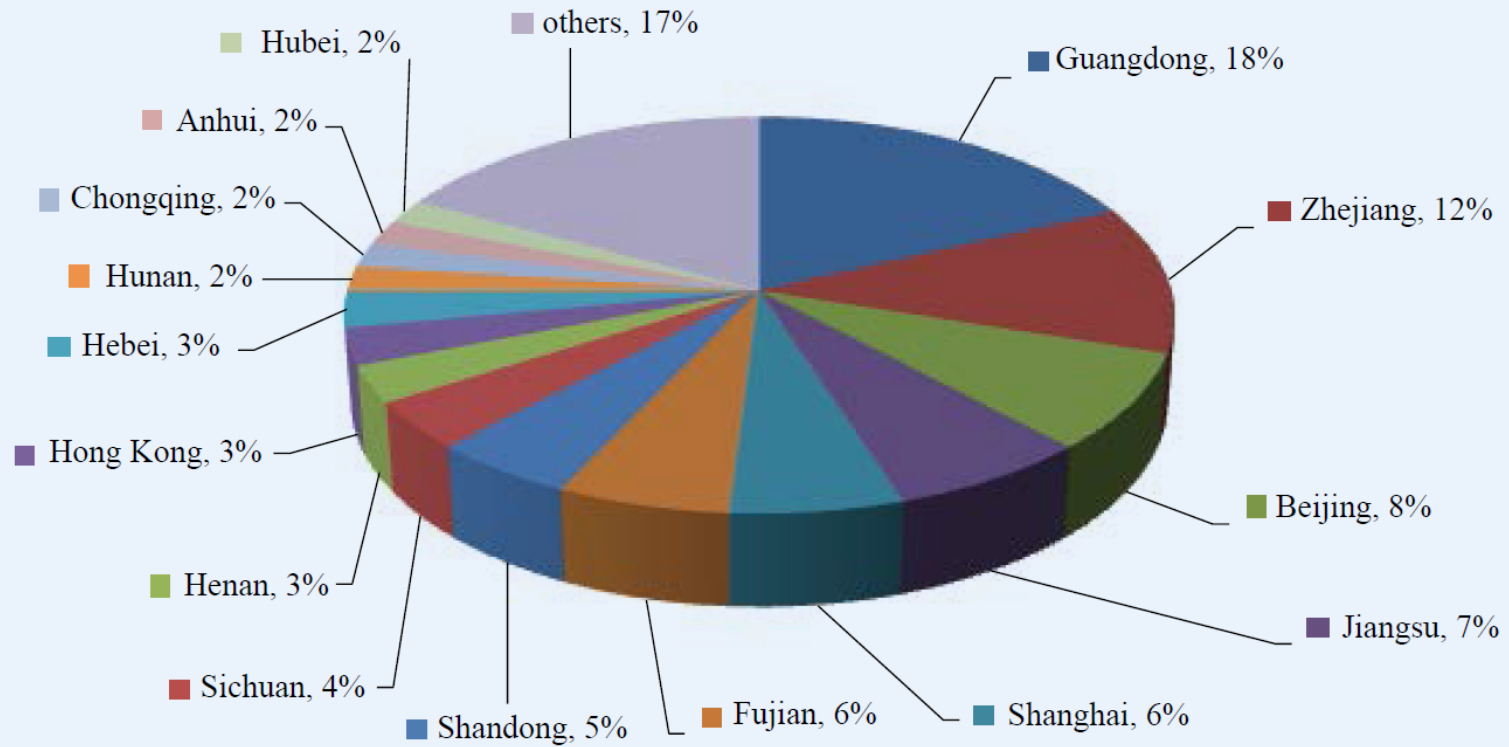
China's Trademark Applications from 2000 to 2016 (unit: ten thousands)



Trademark Office of SAIC (2017), Annual Development Report on China's trademark Strategy 2016. Available from: http://www.saic.gov.cn/sbj/tzgg/201707/t20170710_267463.html [Accessed: August 4, 2017].

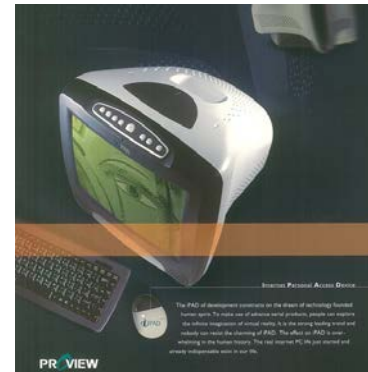
Chinese trademark registration system

Statistics on Valid Trademark Registrations by Regions (Top Fifteen)



Current dilemmas of pre-emptive registrations

- pre-emptive registrations of foreign trademarks in China
 - A large number of pre-emptive trademark registration cases, such as “陆虎” (Land Rover), “KOSS”, “Harry Potter”, and “伟哥” (Viagra).
 - “IPAD” case?



Current dilemmas of pre-emptive registrations



Current dilemmas of pre-emptive registrations



Current dilemmas of pre-emptive registrations



章鹏飞



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细数史上的商标投资之最

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来源：中国经济网

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随着国家对知识产权保护力度的加大，人们逐渐懂得了“知识经济”的力量。而每一次天文数字的商标转让案例，更勾引人们投资“商标”的欲望。今天就细数下史上那些商标投资之最。

“现代”——最霸气的商标投资

最霸气的商标投资当属商标投资第一人章鹏飞的“现代”商标了。上个世纪90年代在大多数人还不知道商标是个什么概念的时候，浙江杭州一个叫章鹏飞的一口气在商标整个45个类别下注册了“现代”商标。2002年10月，韩国现代集团与北京汽车投资公司合资，成立了北京现代汽车公司，然而令韩国现代想不到的是，汽车上市后，他们才发现，“现代”商标早在1996年2月14日就被浙江的章鹏飞注册。同时出现两个“现代”，明显存在商标侵权的问题，而侵权的背后肯定有经济利益的冲突。但是商标权在章鹏飞手中，韩方无计可施。经过数轮谈判，最终，章鹏飞将自己名下汽车类的“现代”商标转让给韩国现代汽车集团，同时获得现代汽车在浙江省的总经销权，据说这个省级总经销权估价大约4000万元。章鹏飞在杭州开了一个现代汽车的4S店，正式进军汽车销售业，当年的销售额就达到了4个亿。



Current dilemmas of pre-emptive registrations

Mr. Xu Jie, Director, Yiwu Xujie Trademark Agent

This firm is a small firm in Yiwu, Zhejiang. One of its main business is trademark pre-emptive registration and trademark sealing. He considered there's no big problem in current Trademark Law. And he consider pre-emptive registration is a fair use of Chinese law because this kind of international companies normally have no actual business in China. As he said himself, he just won a case of "Iphone shaver" against Apple.





Current dilemmas of pre-emptive registrations

- pre-emptive registrations of Chinese trademarks in other countries
 - An increasing number of Chinese trademarks cases, such as “HiSence” (海信) and “Firefly” (螢火蟲)
 - Small number of Chinese trademarks protected internationally

Hisense 海信
—— 创新就是生活 ——



Current dilemmas of pre-emptive registrations

- The negative effects of pre-emptive registrations of foreign trademarks :
 - Impairment of significant commercial interests of trademark
 - Disturbing the market order and fairness
 - Market entry barriers, which negatively affecting the overall international competitions





Reasons of trademarks being pre-emptively registered

- Competitors and speculators exploiting weakness of current law
- Free riding: enormous commercial interests to make pre-emptive trademark registration
- Weakness of current trademark law, such as Article 32: It was criticized to be infeasible in many cases.



Reasons of trademarks being pre-emptively registered

- Institutional reasons
 - the interests of local protection stems from trademark territoriality and the needs of harmonization of international protection due to economic globalization
- Reasons of company trademark management
 - Lack of awareness of the importance of trademark registration
 - Dereliction of duties of the government, and lack of supervision of trademark administrative institutions



Reasons of trademarks being pre-emptively registered

- **Three balances**
- The balance of interests among trademark creators, relevant competitors, and consumers
- The balance between the interests of local protection stems from trademark territoriality and the needs of harmonization of international protection due to economic globalization
- The balance between administrative supervision and enterprise autonomy



Comparison of unregistered trademarks protection in jurisdictions

- Unregistered trademarks in the Chinese Trademark Law 2013
 - Article 7: The principle of good faith
 - Article 32: Provisions for protection of unregistered trademark with certain influence and reputations
 - Article 13.1: Well-known trademark



Comparison of unregistered trademarks protection in jurisdictions

- Difficult to prove key points in the Article 32:
- 第三十二条 申请商标注册不得损害他人现有的在先权利，也不得以不正当手段抢先注册他人已经使用并有一定影响的商标。
 - The trademark is in use
 - It has influence and reputation
 - The applicant for a disputed trademark has malicious intent
- Article 13.1 for well-known trademark
 - High requirement of influence and reputation

Comparison of unregistered trademarks protection in jurisdictions

- Protection of unregistered trademark under anti-unfair competition law
 - Pre-emptive trademark registration and legal spirit of fair competition
 - “新百倫” (Xinbailun) case
 - From 98,000,000 RMB to 5,000,000 RMB





Comparison of unregistered trademarks protection in jurisdictions

- Common law protections of unregistered trademarks
- Passing off
 - Goodwill
 - Misrepresentation
 - Damage

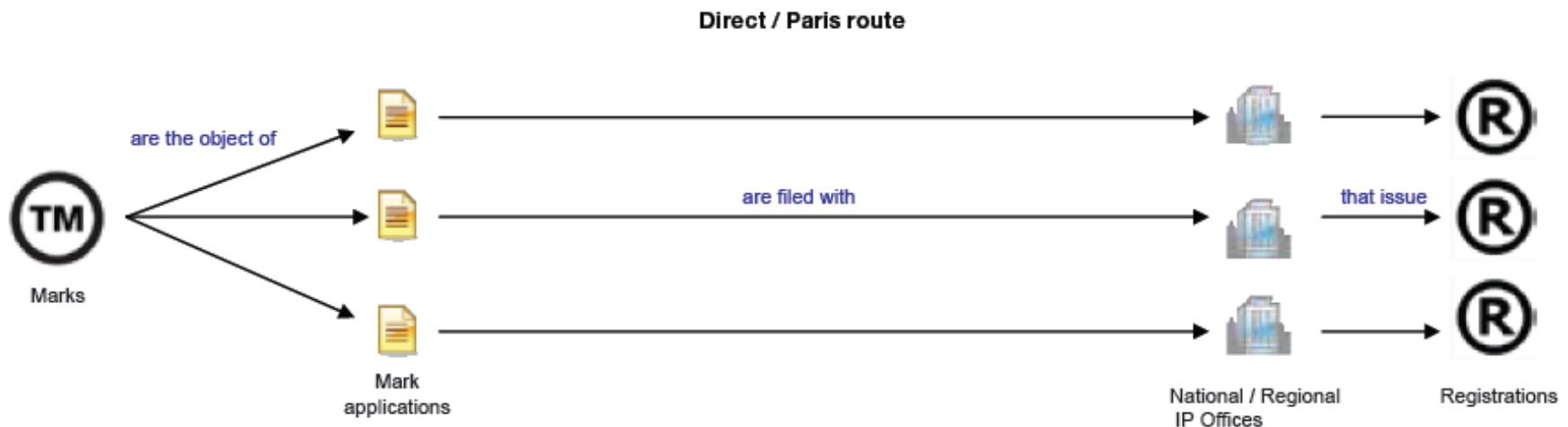


Effective trademark registrations and protection

- The Madrid international trademark registration system
 - Importance
 - Convenient trademark application, rather than direct registration.
- Establishment of Chinese regional trademark registration systems
 - Experiences of the EU
 - Belt & Road regional trademark registration systems

Madrid trademark registration system

- Should Hong Kong join in the Madrid Protocol?
- Traditional international trademark registrations



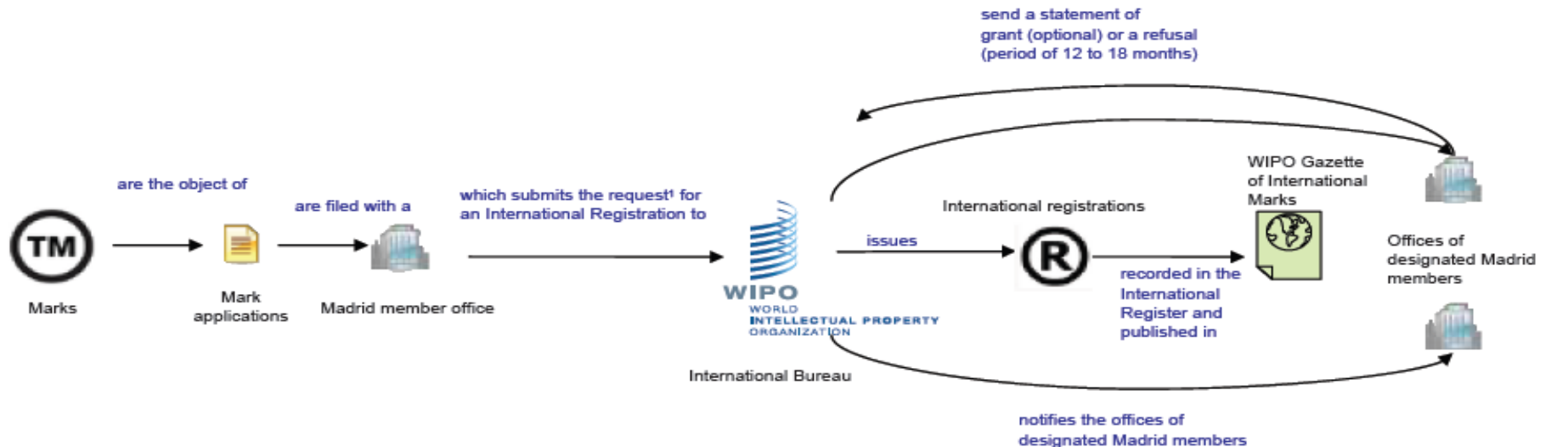


Madrid system

- The Madrid System (officially the Madrid system for the international registration of marks) is the primary international system for facilitating the registration of trademarks in multiple jurisdictions around the world. Its legal basis is the multilateral treaty Madrid Agreement Concerning the International Registration of Marks, as well as the Protocol Relating to the Madrid Agreement.

Madrid system

The Madrid system

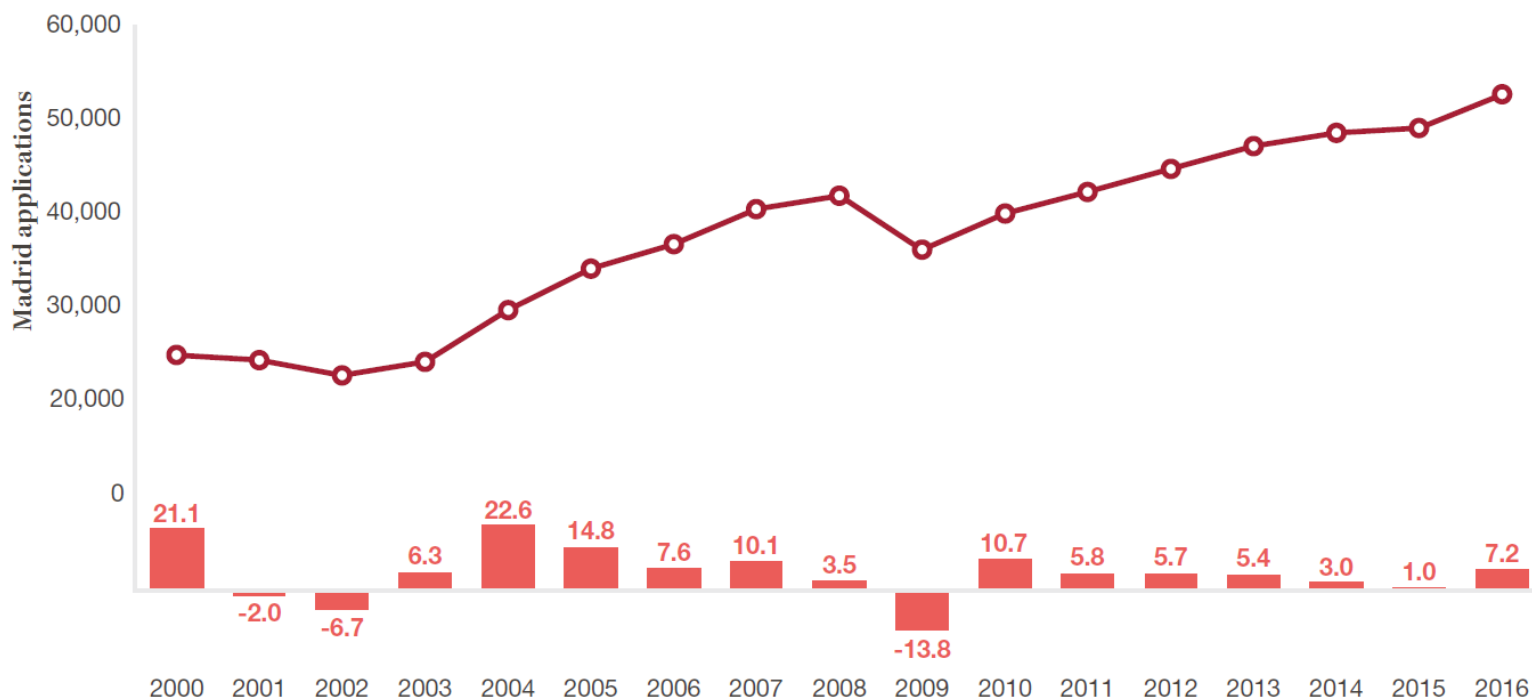


1 An application for international registration (an "international application") may be filed only by a natural person or a legal entity that has a real and effective industrial or commercial establishment in, or is domiciled in, or is a national of, a country party to the Madrid system; that has such an establishment in, or is domiciled in, the territory of an intergovernmental organization party to the Madrid system; or that is a national of a member state of such an organization.

2 An applicant can claim priority of a first national or regional application in an international application within six months of the filing of that first application.

Madrid system 2000-2016

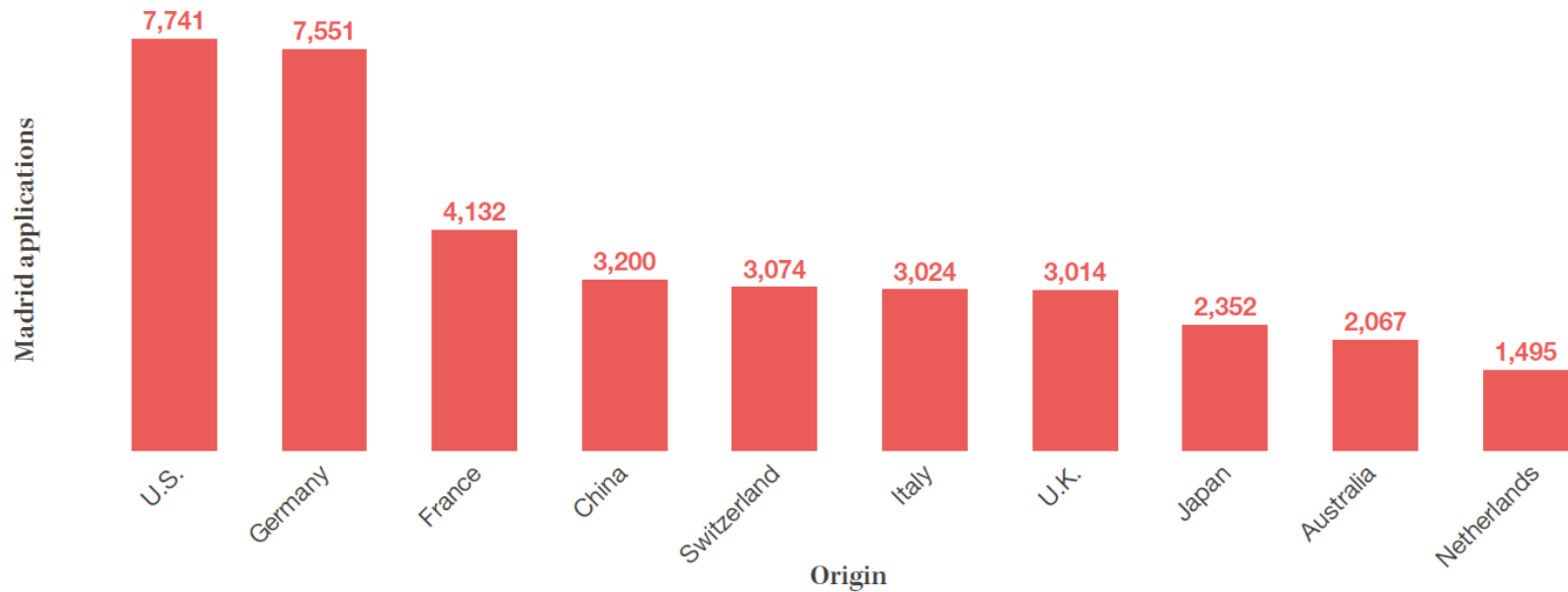
Picking up from 2015's modest increase, Madrid international applications grew by 7.2% in 2016, the fastest since 2010.



WIPO (2017), Madrid Yearly Review 2017. Available from:
http://www.wipo.int/edocs/pubdocs/en/wipo_pub_940_2017.pdf [Accessed: August 4, 2017].

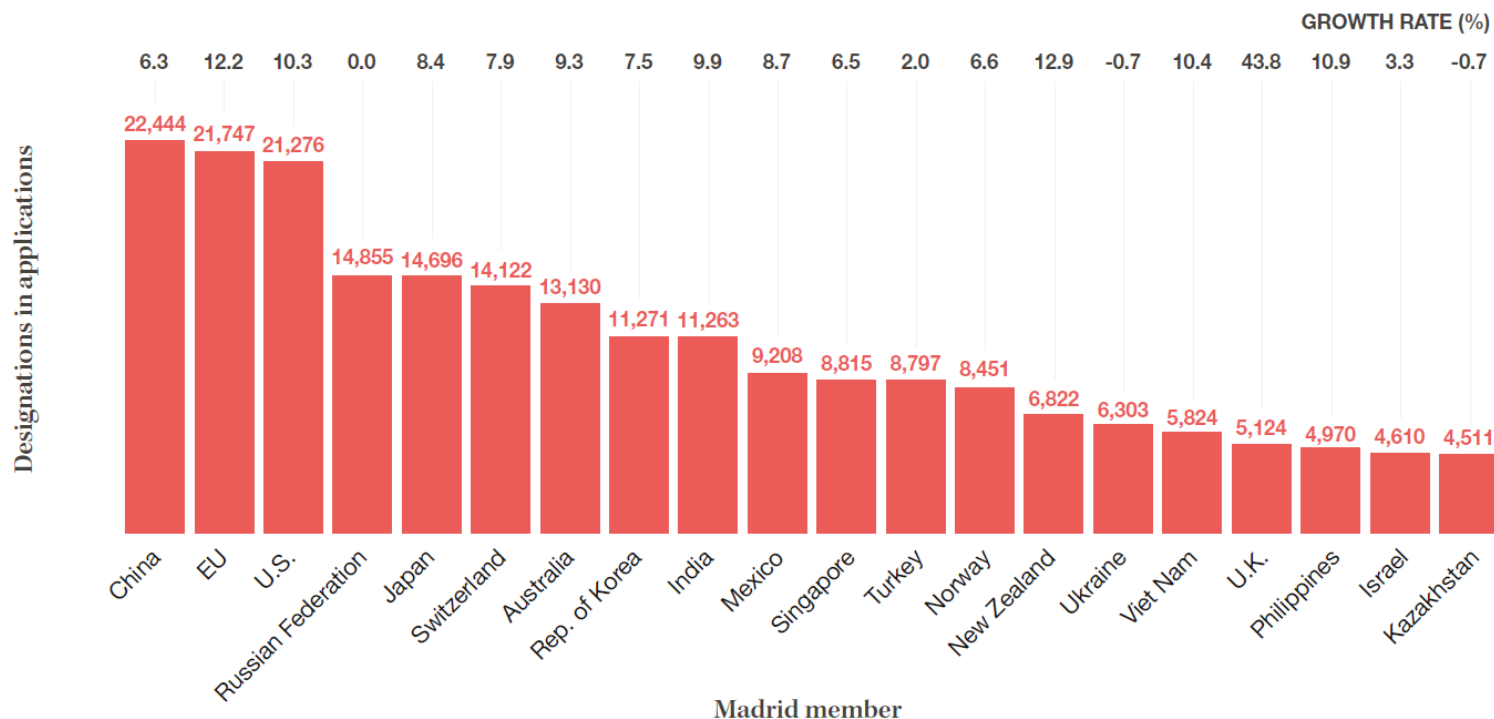
Top 10 countries of Madrid system

International applications for the top 10 origins, 2016



Most designated countries

China was the most designated country in 2016, a position it has held for the past decade.





Effective trademark registrations and protection

- Duty of enterprises
 - Effective trademark management in enterprises
 - Effective legal countermeasure in pre-emptive trademark registration



Effective trademark registrations and protection

- Duty of Chinese governments
- IP strategy and social morality for getting rid of free rider
- Development of legislation for unregistered trademark around the Article 32 of the Trademark Law
 - Unregistered trademark rights
 - An increasing importance role in trademark prior use
 - Providing proper benefits to the international trademark applicants



Effective trademark registrations and protection

- 最高人民法院关于审理商标授权确权行政案件若干问题的规定
- Advises for judicial practice
 - Identifying actual commercial use intention
 - Identifying well-known trademark and trademark in prior use with certain influence
 - Supervising trademark agents or representative registers

Effective trademark registrations and protection

- LV sue the fake retailer and Shenzhen Jinhui Hotel
- Burberry take a similar case





Thank you!

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